



Office of Internal Audit

Monthly Internal Control Tip

Identify the risk(s) within your respective area(s) that could adversely affect the achievement of organizational, departmental, and /or agency goals.

Risk is the chance that an event will occur and the outcome will have a negative effect on the ability to accomplish goals. We are able to work towards our goals more effectively and efficiently when we identify the risks and take steps to reduce, mitigate or eliminate the risks before they can take effect. The following three step process will help identify risk.

Step 1: Define organizational, departmental, and/or agency goals.

Develop and list organizational, departmental, and/or agency goals. The details of the goals will vary depending on the agency and/or department responsible. However, each goal should be S.M.A.R.T. and aligned with the [Mayor's 5 Objectives and 21 Goals](#).

Step 2: Link goals and potential risk.

For each goal identified at Step 1, identify risks related to the achievement of the goal. The goal owner(s) should solicit input regarding risk from individuals that have a role in working towards the achievement of the goal. Those individuals may include all levels of staff (i.e. directors, managers, supervisors, and subordinates). The goal owner can work with those individuals one on one or in a team setting to identify risk using one or more of the following Risk Identification Techniques:

- **Brainstorming**-Usually conducted as a group activity to identify a large number of risks by listing as many ideas as possible.
- **Focused Interviews**-One on one discussion of concerns regarding risks to goal achievement.
- **Questionnaires**-Includes questions designed to collect information regarding risk. This technique is useful for covering large groups.
- **Facilitated risk assessment sessions**-Facilitation leader poses questions regarding risk for discussion in small or large groups.
- **Interviews with Subject Matter Experts**-Collecting information from an external or internal expert regarding risk.
- **Nominal Group Technique**-Mixture of individual and group brainstorming. Each individual will create a list of risk for group discussion.

The following are examples of questions that may be considered during the risk identification process: What could go wrong? Where are we vulnerable? What information do we most rely on? What do we spend the most money on? Which decisions require the most judgment? Which activities are most complex? Which activities are regulated? What problems have we had in the past? What changes are up-coming? Who is the employee we could not operate without and why?

Step 3: Continuous Risk Identification

It is very likely that goals and the internal and external conditions that affect them will change. It is important that we continually identify risk so that we are aware of new and changing risk.

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